

**SUBJECT: ENGAGEMENT WITH COUNTRIES POST-TRANSITION**

**Agenda item: 14**

**Category: For Decision**

### **Section A: Introduction**

- The Gavi Alliance model is grounded in the principles of country ownership and sustainability. For Gavi, sustainability means ensuring that countries continue to self-finance their immunisation programmes and maintain or improve coverage gains post-transition. Gavi's approach to transition and sustainability is unique and represents an experiment for both Gavi and the broader global health community. Gavi has been a pathfinder on sustainability, has learned from the early stages of engagement with countries and has used its experience to refine its approach over time.
- This strategy period is the first time that countries are transitioning out of Gavi support under the current transition policy. By the end of 2020, 20 countries will have fully transitioned.<sup>1</sup> Eight have already transitioned, and by the end of 2017 this number will rise to 16. Given the large number of countries transitioning in this period and the importance of sustainability to Gavi's model, the Board conducted a deep dive on transition progress and risks at its retreat in April. Participants agreed that the transition policy is working well and most countries are on-track for a successful transition out of Gavi support. They identified a subset of countries that may require tailored strategies to support successful transition, and also asked the Secretariat to explore options for engaging countries post-transition. The CEO presented initial thinking on this at the June Board and the Secretariat subsequently proposed a set of options to the October PPC. This paper describes the recommendations of the PPC on how the Alliance should engage with countries post-transition.

### **Section B: Facts and Data**

#### **1. Evolution of Gavi's sustainability and transition model**

- 1.1 Sustainability is at the heart of the Gavi model. It is ingrained in all its support to countries:

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<sup>1</sup> It does not include Ukraine as well as the number of transitioned countries.

- (a) Vaccines. Countries are expected to co-finance vaccines and scale-up their financial commitment as their gross national income increases to a point where they transition out of Gavi support. The co-financing policy requires countries to co-procure Gavi-supported vaccines, helping to build their procurement capacity. Countries benefit from relatively stable pricing for their Gavi-supported vaccines for 5-10 years after they transition.
  - (b) Health System and Immunisation Strengthening (HSIS) support. This is designed to strengthen the capacity of health systems to deliver immunisation. It is intended to be catalytic and complementary to government funding and ends at the point of a country's transition, by when countries are expected to have sufficiently robust systems to sustain progress.
  - (c) Technical Assistance. This is designed to provide countries with technical expertise and build their capacity. By the point of transition, countries are expected to largely be able to operate without technical assistance via partners.
- 1.2 The above approach has evolved over time. Gavi's initial approach to sustainability is enshrined in the co-financing policy, which was introduced in 2008, and the graduation policy which was introduced in 2011. These policies helped build financial sustainability in countries while they were Gavi-eligible and as they prepared for transition. The Alliance's approach was subsequently expanded with a more explicit focus on programmatic sustainability from 2014 and the co-financing and transition policy was reviewed and revised in 2015.
- 1.3 So far Gavi's model has been very successful in helping to build country ownership and sustainability. Country co-financing has increased more than six-fold from US\$ 21 million per year in 2008 to US\$ 133 million in 2016 with over 90% using domestic resources to pay for co-financing. Ripple effects include countries increasing overall domestic expenditures for immunisation with the number of countries relying on external donors to procure non-Gavi vaccines decreasing. Overall, Gavi countries increased government expenditures on routine immunisation per live birth<sup>2</sup> by an average of 43% between 2010-2011 and 2015-2016.<sup>3</sup>
- 1.4 Countries are also sustaining their immunisation gains after transition. The eight countries that have transitioned to date have done so with high coverage and a strong record of financing their immunising programmes. Most of the other countries due to transition by 2020 are similarly on track to do so successfully. Continuing to have access to appropriate vaccine pricing after transition (through UNICEF SD) also helps to ensure longer

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<sup>2</sup> These expenditures are population-weighted and do not include shared costs (e.g. human resources, facilities, etc.), which is the main cost driver of delivering immunisation services and mainly finance by domestic resources.

<sup>3</sup> Global Vaccine Action Plan Monitoring, Evaluation and Accountability. Secretariat Annual Report 2017. Geneva: World Health Organization; 2017.

term financial sustainability. As a result, these countries are well positioned to mentor other countries that will enter transition in the future. However, almost half of the 20 countries due to transition out of Gavi support by 2020 have introduced only one or two of the four “core vaccines”<sup>4</sup> which could have been introduced with Gavi support. These include countries such as Vietnam and Indonesia with large birth cohorts that did not have nationwide introductions of Pneumococcal, Rotavirus and HPV vaccines.

- 1.5 At its retreat in April 2017, the Board reviewed the status of, and risks to, the countries due to transition by 2025. Participants recognised that:
- (a) The transition policy is working well and most countries are on-track for a successful transition out of Gavi support, given their performance and levels of domestic financing.<sup>5</sup>
  - (b) More systematic engagement with Ministers of Finance and other critical government stakeholders beyond the Ministry of Health, as well as with other development agencies working on transition (e.g. World Bank, the Global Fund), is needed to sustain progress.
  - (c) Countries should be able to apply for new vaccine support at any point prior to transition. Currently, countries can only apply for new vaccine support up to the first year (or “grace year”) of accelerated transition.
  - (d) The Secretariat should explore how it might maintain engagement with countries post-transition as an insurance policy to mitigate the risks of immunisation performance declining or stagnating and to maintain a platform that could catalyse introduction of new vaccines or technologies in future – for Board review and decision.
  - (e) Five countries face particular challenges relating to transition (Angola, Congo, Nigeria, Papua New Guinea (PNG) and Timor-Leste) and the Secretariat should consider if tailored strategies are needed for these countries – for Board Review and decision.
- 1.6 The Secretariat presented potential options to address the risks to successful transition at the June Board meeting. These options included: ongoing non-financial engagement, catalytic vaccine introduction investment, catalytic strategic focus areas (SFA) investment, and tailored strategies for countries at highest risk. The Secretariat indicated that it would prioritise tailored strategies for Nigeria and PNG as the countries at highest risk (these are presented as separate papers at this Board), and manage the risks of the other three countries identified by the Board through post-transition engagement. The Secretariat also presented an estimate for the total cost of post-transition support of 1-2% of the programme budget (2018-2020). The Board provided positive feedback to these early ideas and the Secretariat used them to develop a more detailed set of options for post-

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<sup>4</sup> These are Pentavalent, Pneumococcal, Rotavirus and HPV.

<sup>5</sup> The analysis which was provided to the Board retreat was updated and is available as Annex A. Additional information on transitioning countries is available in Appendix 2 at BoardEffect.

transition engagement that was discussed by the PPC at its meeting on 27 October.

## 2. Post-transition engagement

- 2.1 The PPC recommended to continue Alliance engagement with all countries post-transition on a non-financial basis.<sup>6</sup> This would allow for continued monitoring of the performance of immunisation programmes, continued advocacy for political commitment to immunisation, and targeted risk mitigation actions if performance was to stagnate or decline in a country post-transition. It was noted that such continued engagement could also be beneficial to the Alliance's learning agenda as many of the countries due to transition in the current strategy phase are among Gavi's best performing countries, and consequently where many best practices could be learned.
- 2.2 The PPC acknowledged that some countries will continue to require technical assistance after they transition. Alliance partners underlined the limited funding available to provide such assistance in middle income countries outside of Gavi funding. The PPC therefore recommended that the Alliance support targeted, time-limited technical assistance through the Partners' Engagement Framework (PEF) where exceptionally required to mitigate sustainability risks. The PPC discussed the specific case of Ukraine, which was one of the Gavi 73 countries but has not received support since 2008 and coverage has fallen from over 90% to 19%. It concluded that despite the concerning situation, Gavi did not have any comparative advantage given its lack of recent support for Ukraine and should not consider any post-transition engagement.
- 2.3 The PPC acknowledged the significant risks in Angola, Congo and Timor-Leste, all of which will transition out of Gavi support at the end of 2017. It requested that the Secretariat and partners engage in high-level political advocacy and work to further analyse these risks, the mechanisms available to address them and propose more detailed risk mitigation plans (full details of the PPC's request are included in the Board decision). The PPC recommended this analysis be presented to the PPC in May 2018 and to the Board at its meeting in June 2018
- 2.4 The PPC discussed whether Gavi should provide catalytic vaccine support to countries who have not introduced the full range of Gavi vaccines (for example, Indonesia's request for catalytic introductory support for PCV) as well as catalytic financial support to countries with specific programmatic gaps. It emphasised the need to better understand the continuum of support available to low-income and middle-income countries including the role of WHO's Middle Income Countries (MICs) Strategy before making such a decision. It also requested further analysis of the programmatic gaps,

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<sup>6</sup> The proposed engagement would benefit: Angola, Armenia, Azerbaijan, Bhutan, Bolivia, Congo Republic, Cuba, Georgia, Guyana, Honduras, Indonesia, Kiribati, Moldova, Mongolia, Sri Lanka and Timor-Leste. Nicaragua, PNG, Uzbekistan and Vietnam are eligible for technical assistance until 2020. The PPC did not consider recommended that Ukraine as eligible for this engagement.

including vaccine introductions, in both Gavi and non-Gavi countries. The PPC recommended that the Secretariat work with partners to conduct such analysis and report back to the PPC, and that this should inform the development of the Alliance's approach to transition post-2020.

- 2.5 The PPC also considered whether to revise the 'grace year' rule by which countries cannot apply for Gavi support after the first year of transition, as the Board had discussed at its Retreat. This could enable countries to continue to introduce vaccines and secure access to favourable pricing up until the point of transition, and would mitigate the risk that they rush their applications in the grace year. For example, this year Solomon Island prepared applications for Gavi support for Rotavirus and HPV vaccines, Cold Chain Equipment Optimisation Platform (CCEOP) and HSS support but did not manage to apply for MR support even though it was also a priority for them. There were different views among PPC members as to the risks of introducing vaccines during the accelerated transition. Although all acknowledged the potential for disease reduction, some felt that as long as countries, were fully aware of the full costs they would be taking on, they should be allowed to introduce new vaccines given the potential health impact. Others felt that introducing new vaccines would weaken the transition process and risk sustainability and therefore countries should not be allowed additional flexibilities. Given the lack of consensus, the PPC suggested this should be discussed by the Board and did not recommend the change, though it did not rule out this being revisited at a later point.

### 3. Financial implications

- 3.1 The current PPC recommendations do not entail additional financial costs. TA support, wherever exceptionally required, would be accommodated within the TCA envelope under PEF with limited opportunity costs. Additional funding that might be required to implement options to mitigate risks in Angola, Congo and Timor-Leste will be identified in the analyses and paper to be presented at the next Board meeting in 2018.

### **Section C: Actions requested of the Board**

The Gavi Alliance Programme and Policy Committee recommends to the Gavi Alliance Board that it:

- a) **Request** the Secretariat to engage with Gavi Alliance partners in high-level political advocacy and undertake more detailed analysis of the risks to successful transition in Angola, Timor-Leste and Congo and consider the options for how/whether these risks could be mitigated by the Gavi Alliance for consideration by the Board in June 2018. This analysis should include:
- Whether programmatic risks are occurring in these countries during the transition phase.

- An assessment of the impact of mitigation strategies outlined in the Transition Policy, Partners Engagement Framework, the approach to ensuring Access To Appropriate Pricing for Phase 3 countries.
  - Is the country on a good trajectory with respect to financial sustainability?
  - Has the country demonstrated political will?
  - Could further potential actions from the Gavi Alliance help to mitigate these risks?
- b) **Approve** continued Gavi Alliance engagement on a non-financial basis with Phase 3 countries and, where exceptionally required, fund targeted time-limited technical assistance to such countries under the Partners Engagement Framework.
- c) **Request** the Secretariat to analyse how Alliance mechanisms to support transitioned countries are working and identify any gaps and also analyse mechanisms being used by other non-Gavi eligible middle income countries and report back to the PPC.

## **Annexes**

### **Annex A: Transition Analysis – Countries Transitioning 2016-2025**